

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

JUSE-00 IO-13 SEC-01 EB-07 COME-00 OMB-01 TRSE-00

XMB-02 CIEP-01 AID-05 FRB-03 /090 R

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FM SECSTATE WASHDC

TO AMEMBASSY ALGIERS

C O N F I D E N T I A L STATE 182756

E.O. 11652:GDS

TAGS:EFIN, AG

SUBJECT: ILLICIT PAYMENTS

REF: ALGIERS 1811

1. SONATRACH FILED A SUIT ON JULY 7 IN NEW YORK FEDERAL COURT FOR DAMAGES OF 15.5 MILLION DOLLARS IN CONNECTION WITH ILLICIT PAYMENTS PAID BY GENERAL TIRE AND OTHERS TO AGENTS FOR THE CHEMICO CONTRACT.

2. NAMED IN THE SUIT ARE A MR. ROBERT FRENKEL, CHEMICO SALES REPRESENTATIVE FOR ALGERIA, WHO ALLEGEDLY RECEIVED 4,200,000 DOLLARS IN COMMISSIONS; THE SWISS FIRM SOCOMARI WHICH ALLEGEDLY RECEIVED COMMISSIONS VALUED IN EXCESS OF 3,700,000; THE SWISS FIRM ESTINA WHICH RECEIVED A COMMISSION OF 2.5 MILLION DOLLARS; AND A LICHTENSTEIN COMPANY CALLED EDEREDG WHICH RECEIVED 250,000 DOLLARS. THESE PAYMENTS
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ALLEGEDLY INFLUENCED THE AWARDING OF THE CONTRACT TO CHEMICO.

3. THE SUIT ALLEGES THAT THE DIVERSION OF FUNDS BY CHEMICO
IMPEDED THE COMPANY'S WORK AND LED TO DELAYS IN CONSTRUCTION.
THE SUIT ALSO ALLEGES THAT CHEMICO SUBMITTED FALSE
SUPPLIER'S CERTIFICATES TO THE EXIM BANK WHICH THEN DIS-
BURSED MONEY WHICH WAS DIVERTED FOR PAYMENT OF COMMISSIONS.

4. LAW FIRM OF SHEARMAN AND STERLING IS HANDLING THE SUIT
FOR SONATRACH. ROBINSON

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Margaret P. Grafeld
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